

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF JACK AND ) APPEAL NO. 07-A-2642  
PAT MURPHY from the decision of the Board of ) FINAL DECISION  
Equalization of Valley County for tax year 2007. ) AND ORDER

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing February 21, 2008, in Cascade before Hearing Officer Travis VanLith. Board Members Lyle R. Cobbs, David E. Kinghorn, and Linda S. Pike participated in this decision. Appellants Jack and Pat Murphy appeared. Assessor Karen Campbell, Chief Deputy Assessor Deedee Gossi, and Appraiser June Fulmer appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RPC03490000050A.

**The issue on appeal is the market value of an improved residential property.**

**The decision of the Valley County Board of Equalization is reversed.**

FINDINGS OF FACT

Subject's land value is \$60,440, and the improvements' valuation is \$185,850, totaling \$246,290. Appellants request subject's total value be reduced to \$203,400.

Subject is a .207 acre lot located in Cascade. Attached is a 1,348 square foot residence, built in 2000. The residence is graded as "average" and is considered in "average" condition.

Appellants began by noting two separate assessment notices were received concerning subject. The first assessment reported subject's total value at \$203,400. The second notice increased subject's total value to \$246,290.

Appellants next mentioned subject was placed on the market in May 2007 for \$243,000. After several months, no purchase offers were made. A local real estate agent suggested

lowering the price to the \$200,000 range. Appellants chose instead to remove subject from the market.

Appellants also submitted five (5) property sales involving residential properties located in the City of Cascade. The sales occurred during 2006 for prices between \$205,000 and \$245,000. The properties ranged in size between .1 and 1 acre with residences between 1,400 and 1,800 square feet. Appellant noted all the sales involved residences larger than subject, however, subject was assessed higher than any of the reported sale prices.

Respondent first explained why Appellants received two separate assessment notices. After the first notice was mailed, the State examined the County's sales data and determined residential improvements in the City of Cascade were under-valued on average. Per the State's recommendation, Respondent increased the value of all residential improvements in the city by 30%. Subject's improvements were likewise increased by 30%, which was reflected in the second assessment notice.

Respondent presented three (3) sales that occurred during 2006 for prices between \$144,500 and \$216,300. The remaining sale transpired in 2005 for \$200,000. The properties were all located within the city limits. Two of the sales involved residences graded as "fair", which was lower than subject's "average" grade. The other two properties were graded as "average". All the residences were considered to be in "average" condition; same as subject.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purposes of taxation, Idaho Code requires property be valued at market value, as defined in Idaho Code § 63-201 (10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable offer or full cash payment.

The Idaho Supreme Court has recognized three approaches for determining market value.

[T]here are three primary methods of determining market value: the cost approach, in which the value as determined by new cost or market comparison is estimated and reduced by accrued depreciation; the income approach, applicable to "income producing property" in which a capitalization rate is determined from market conditions and applied to net income from the property to determine appraised value; and the market data (comparison method) approach, in which value of the assessed property is ascertained by looking to current open market sales of similar property. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Both parties utilized the market data approach, which analyzes recent sales of similar and proximate properties. To that end, Appellant presented five (5) sales of properties located in the City of Cascade that sold during 2006. The lots were somewhat similar in size to subject, however, the residences were all larger than subject residence. The prices ranged between \$205,000 and \$245,000.

Respondent provided four (4) sales involving property located within the city limits. Three (3) of the sales occurred in 2006 and the other sale transpired in 2005. The lot sizes were unclear in the record, but the residential structures were between 864 and 1,600 square feet. The properties sold between \$144,500 and \$216,300. Subject is 1,348 square feet and assessed at \$246,290.

Because both parties provided sales data to support their respective value claims, the Board has ample information from which to make an informed and reasonable determination of subject's value. Interesting is that Respondent presented no properties that sold in excess of \$216,300, yet argued subject's \$246,290 assessed value was accurate and fair. Nothing was offered to explain why subject's value should be approximately \$30,000 above Respondent's highest reported sale price. Subject was not argued to be superior to any of the sale properties, nor was anything offered to suggest the sales prices were unreliable (i.e. distressed sales).

Each of Appellants' sales involved residences larger in square footage than subject. Not surprisingly, the lowest sale price was \$205,000, which is above Appellants' value claim of \$203,400.

After considering the information provided in this case, the Board finds subject has been over-assessed. Respondent's own sales fail to support subject's assessment, so the Board cannot accept Respondent's value position. While the lowest sale price reported by Appellants was \$205,000, it involved a property estimated between 1,401 and 1,600 square feet in size. Subject is 1,348 square feet so should likely be valued somewhat below the larger sale property. The lot size was nearly identical to subject and nothing in the record indicates the sale should not be considered. Appellants have shown this Board by a preponderance of the evidence that subject was over-valued. Appellants request subject's value be reduced to \$203,400, which is reasonable considering the evidence in record. The Board will therefore reverse the decision of the Valley County Board of Equalization and adopt Appellants' total value claim of \$203,400.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is,

reversed, lowering the total assessed value to \$203,400.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellants.

MAILED April 3, 2008